

REPORT

East African Crude Oil Pipeline (EACOP) Project

Lenders Environmental and Social Consultant - Environmental and Social Due Diligence - Non-Technical Summary (NTS)

Submitted to:

Potential Lenders and Pathfinders

Cc: EACOP, TotalEnergies, CNOOC, UNOC, TPDC

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1.0 INTRODUCTION

TotalEnergies Exploration and Production Uganda (TEPU), China National Offshore Oil Corporation Uganda Limited (CNOOC) and Uganda National Oil Company (UNOC) (“Upstream Partners”) hold interests in petroleum resource licences near Lake Albert. These Upstream Partners will produce crude oil from their oil fields, stabilise it at the Tilenga and Kingfisher central production facilities and then send it for transportation through the new East African Crude Oil Pipeline (EACOP) Project to a Marine Storage Terminal (MST) and load-out facility (LOF) at Tanga on Tanzania’s coast for storage and export in Suezmax type tankers. The Upstream Partners, along with the Tanzania Petroleum Development Corporation (TPDC) are shareholders in the EACOP and related infrastructure (the “Project”).

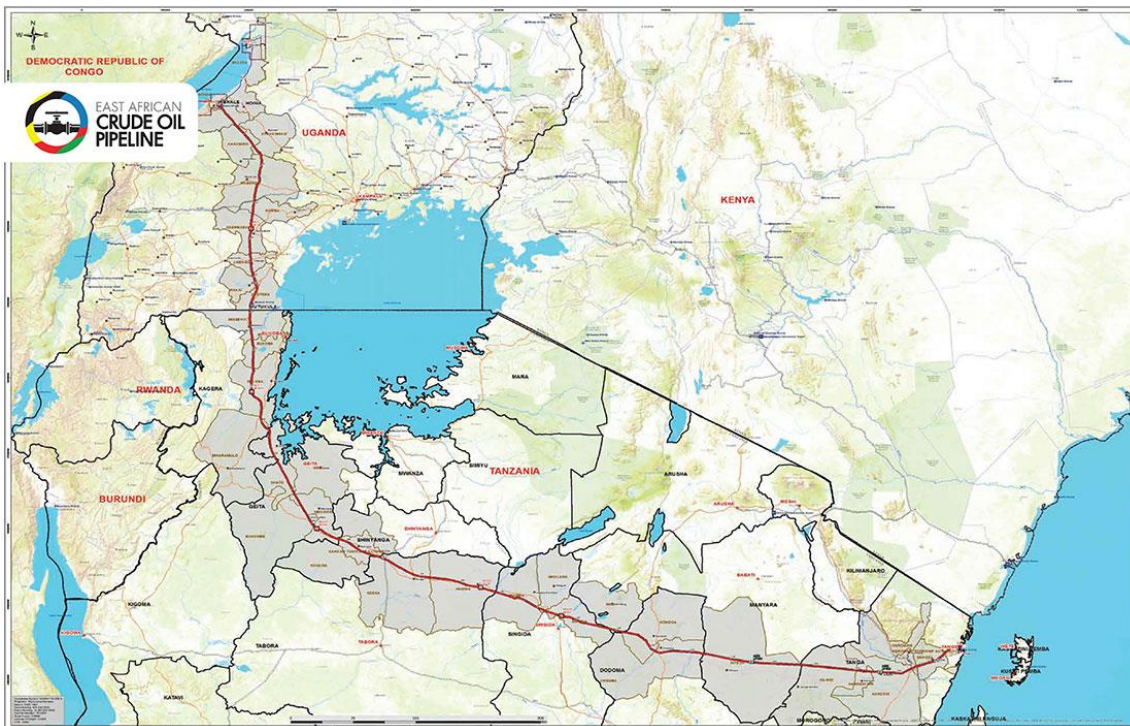


Figure 1: Overview of the EACOP System

EACOP is the project company that has been established by the shareholders as a specific company to build and operate the Project. The shareholders of EACOP intend to raise project finance debt from credit providers (the “Lender Group” or “the lenders”). Because the Project is categorized as A as defined by Equator Principles IV (EP IV) and Organization for Economic Co-operation and Development (OECD) Common Approaches, the Lender Group requires that a full Environmental and Social Due diligence (ESDD) review of the Project is carried out including benchmarking against the International Finance Corporate (IFC) Performance Standards (PSs) and the Environmental, Health and Safety (EHS) Guidelines, and lender specific policies.

The Lender Group has retained Golder Associates, a leading global engineering and consulting company, to act as the Lenders’ Environmental and Social Consultant (LESC) to carry out the ESDD. The role of the LESC is to assess and report to the lenders’ group on EACOP compliance with applicable environmental and social standards demonstrated in the Environmental and Social Management System and other Environmental and Social (E&S) related documents developed to date by EACOP.

The ESDD presents the result of the review of Project documents, visual observation and direct interviews in the field, and the interpretation of information to assess environmental and social risks and impacts that the Project will generate during the construction and operation phases.

This document is a Non-Technical Summary (NTS) of the ESDD process carried out to date for the EACOP Project. The purpose of this NTS is to provide an easily understandable summary of the information included in the ESDD reports developed since the ESDD process commenced in quarter two (Q2) 2021. It includes a brief description of the Project, an update of the ESDD assessment carried out to date, and the key findings.

2.0 THE EACOP PROJECT

2.1 EACOP Pipeline

The EACOP Project¹ is a 1,443 km buried insulated 24-inch diameter pipeline to transport crude oil from the Tilenga and Kingfisher oil fields in the Lake Albert area of Uganda to a terminal comprising a storage facility and LOF on the coast of Tanzania for export to international markets in Suezmax type tankers.

This pipeline will begin at a pump station (PSt1) within the planned Kabaale Industrial Park and run South from PSt1 to the border with Tanzania, and then continue South, to the west of Lake Victoria, before turning Eastwards through Tanzania terminating at the MST adjacent to the LOF consisting of a 2 km long trestle and loading platform North of Tanga City on the Indian Ocean.

The oil in the EACOP pipeline will have its pressure boosted at each of six pump stations to maintain flow rate over the rolling terrain of the East African plateau, and two Pressure Reduction Stations (PRS) to manage pressure as the pipeline descends to the MST.

The pipeline will be buried and fitted with long line heat tracing (LLHT) which will maintain the temperature of the crude when flow rates decrease later in the pipeline's life. Heating is not required during the period of maximum flow rate as the insulation alone will suffice. A fibre optic (FO) cable on the top of the pipe enables the Project to detect disturbances along the pipeline (e.g., noise and vibration), complemented in places by a second FO cable running adjacent to the pipeline to measure potential strain from seismic activity. A high-voltage three phase electrical cable (HVC) will distribute power along the route to, or from the aboveground installations (AGIs), such as PSts PRSs and MST. Grid connections and EACOPs own power generation will be generated at selected locations and distributed via the HVC to where it is needed. With respect to power generation, it has to be noted that since the early stage of the ESDD process EACOP moved away from the original base case to generate electricity through burning crude through the identification of opportunities to reduce the overall carbon footprint. A number of alternative power generation options were assessed since 2020 and the 2022 Best Available Techniques (BAT) evaluation of the alternatives for energy production identified a combination of power generated at solar farms installed at the main camps and pipe yards (MCPY) and the MST supported by battery energy storage system (BESS), and connections to the national electrical grids as the best option with crude burning generator sets at selected PSts only as back-up power requirement when the alternative electricity supply is not stable or not available. The BAT scheme will bring an approximately 60% reduction in CO₂ emissions, when compared to the original base case.

¹ More information on system description, construction sequence, pipeline integrity can be found at the EACOP website pages <https://eacop.com/overview/>

AGIs also include 76 mainline block valves (MLBV) which will be distributed along the pipeline route at key points, such as either side of watercourses which are more than 30 m wide (or less if located upstream of a sensitive receptor). These MLBVs provide the Project with the ability to stop and isolate the flow of oil into a damaged section of pipeline, and so minimise releases to the environment in the scenario of a pipeline rupture. The key components of the Project are illustrated in the next figure along with the main associated facilities (AFs).

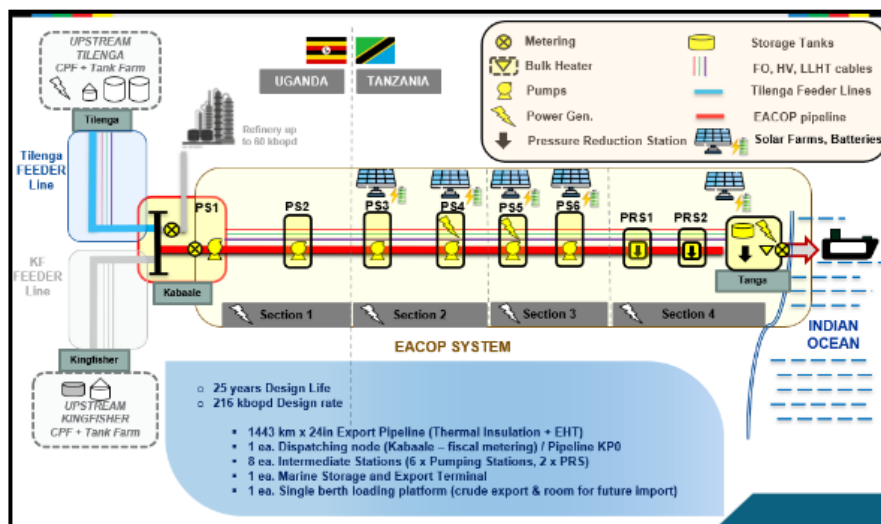


Figure 2: Key components of the EACOP system and Associated Facilities (Source: EACOP Project, 2022)

For the construction phase of the Project temporary construction facilities will be built. These include the pipeline coating facility in Tanzania where pipeline insulation will be applied to pipe sections which will be imported through Dar Es Salaam port, as well as 16 Main Camp and Piping Yards (MCPYs – roughly every 100 km with four in Uganda and 12 in Tanzania). The pipeline coating facility will also coat the pipe sections which will be used on the Tilenga feeder pipelines. The insulated pipes will be distributed by road to the MCPYs and then along the pipeline right of way (RoW).

In 2022 early works commenced at a number of locations in Tanzania where land has already been acquired (coating yard, MST and three MCPYs) along the Project. In Q4 2022 up to Q2 2023, the Project will undertake geotechnical investigations at PRSs, PSts and at the horizontal direction drill (HDD) sites and commence early civil works at the MCPYs. Once these works are complete (and land access achieved), the installation of the pipeline and construction of the main infrastructure (anticipated from Q2 2023 onwards) can commence with the construction phase estimated to last for two to three years.

There are two layers of oversight within the EACOP organisation to manage the health, safety, security, social and environment components during project construction. The EACOP “Corporate entity”, who has overall responsibility for verifying the safe and efficient delivery of the Project’s health, safety, security, social and environment components, including liaison with regulators, and ensuring international standards are upheld, referred to as HSE or Land and Social (“LSOC”). The second layer is the EACOP Project HSE team who manages the day-to-day delivery of these components and is referred to as the integrated Project-HSE. During the detailed design and construction phase EACOP has commissioned an engineering, procurement, and construction management contractor (EPcmC). The EACOP Project organisation forms an integrated

construction management team with the EPcmC. Construction contractors will undertake the installation of the pipeline and development of the AGIs.

2.2 Associated Facilities

The Upstream Partners will supply oil from their production fields either side of the Victoria Nile (Tilenga) or beneath Lake Albert (Kingfisher), via two feeder pipelines. The Kingfisher and Tilenga projects, each comprising oil field infrastructure, a Central Processing Facility (CPF), and a feeder pipeline to PSt1, are considered associated facilities (AFs) to the EACOP Project as defined under IFC PS1 and, as such, have been included in the ESDD assessment.

2.2.1 Tilenga Project

The Tilenga project comprises the development of six oil fields in the Albertine Graben with wells extracting the oil to the Northeast of Lake Albert and downstream of Murchison Falls. It is operated by TEPU on behalf of the Upstream Joint Venture (TEPU, CNOOC and UNOC).

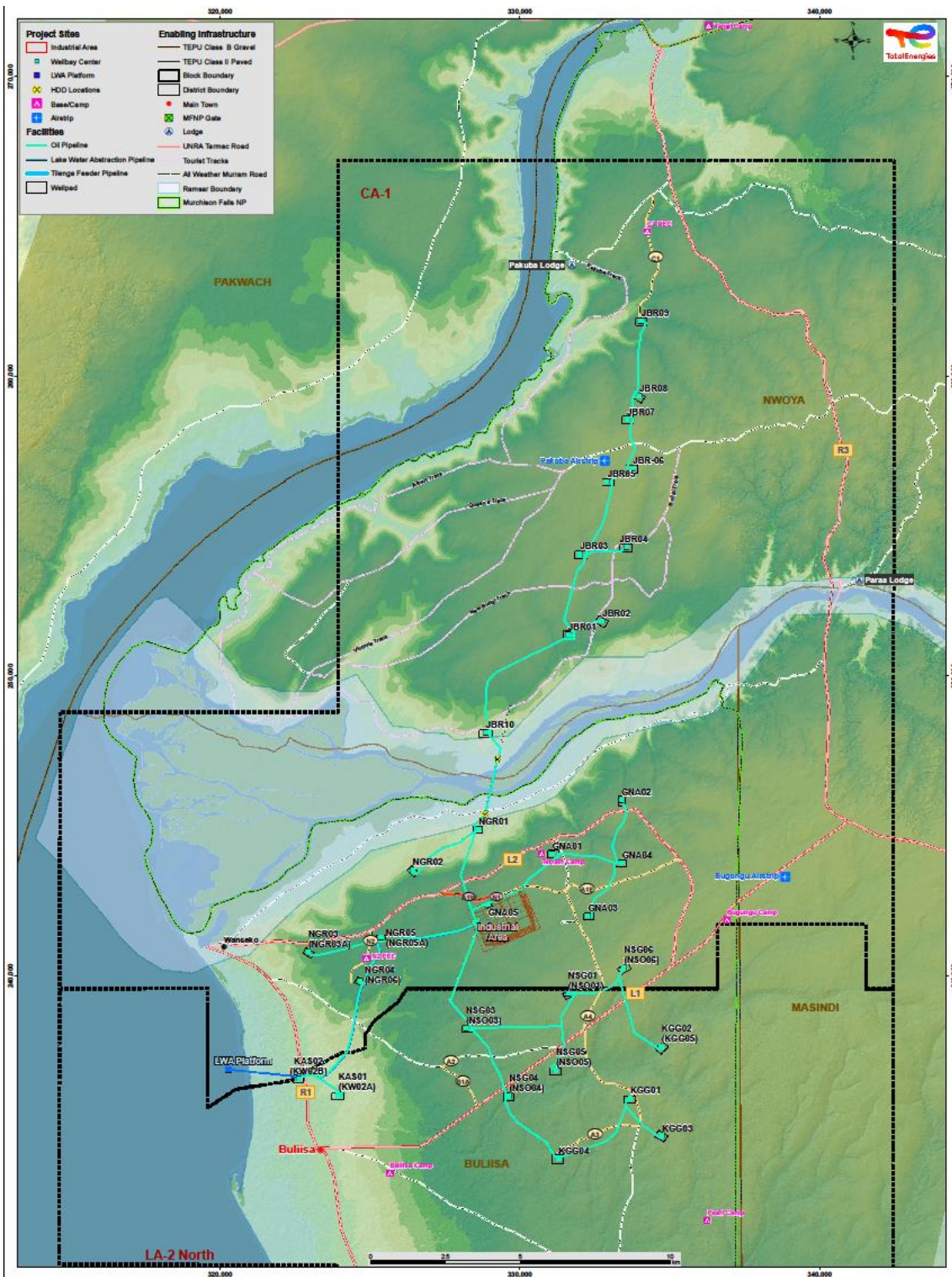


Figure 3: Tilenga Development (Source: TEPU Uganda 2022)

Well fluids, comprising a mixture of oil, water, and gas will be produced from wells located on 31 well pads, ten of which will be within the Murchison Falls National Park (MFNP). A buried infield production network will transport produced fluids from the well pads to the CPF in the Industrial Area of Ngwedo sub-county in Buliisa district. This connection of the fields to the CPF will require a section of the network to be installed by horizontal directional drilling (HDD) beneath the Victoria Nile River (part of the Murchison Falls/Lake Albert Delta Wetland).

The CPF and the industrial area will include the operational support structures and resources, as well as administration requirements. The CPF will include a treatment facility, power generation facility (utilising the produced gas), and export facilities, and will house other systems such as a water treatment plant. The well fluids will be processed at the CFP into crude oil, produced water and recovered gas. Crude oil, which is already heated as part of the water separation process, will be pumped via the 95 km insulated Tilenga Feeder Pipeline to PSt1 where it will enter the EACOP pipeline or be utilised in the planned refinery in Kabaale Industrial Park (not part of the Tilenga, Kingfisher or the EACOP Projects). All produced water will be transported via a buried infield pipeline network for reinjection back into the oil reservoirs. The recovered gas will be utilised for power and heat generation, including providing power to PSt1 and PSt2 in Uganda. Surplus electricity generated from the gas will be exported to the Ugandan national grid. Propane and Butane will be extracted from the gas and will be bottled as liquified petroleum gas (LPG) for retail sales in Uganda. When gas volumes decrease, electricity will be imported from the national grid. The CPF is designed to produce 190 thousand barrels of oil per day (kbopd). Infrastructure will also include a water abstraction system on the shores of Lake Albert,



Figure 4: Visualisation of a well pad in the MFNP with outer ditch and screening bund wall (Source EACOP MFNP Well pad Visualisation Projet_U_V0.5)

Early civil works started in 2021 at the CPF with the establishment of the construction camp and construction support base. Start-up and operation of the facilities are expected to commence approximately 36 months after the start of the main construction contract. Operations are expected to last for approximately 25 years. Decommissioning is planned at the end of operations.

2.2.2 Kingfisher Project

The Kingfisher project is situated on the Buhuka Flats in the Kingfisher Field Development Area (KFDA), along the South-eastern side of Lake Albert. It is operated by CNOOC on behalf of the Upstream Joint Venture (TEPU, CNOOC and UNOC).

Oil and water injection wells will be drilled from four well pads located on land adjacent to the oil fields under Lake Albert through a series of directional wells. A pipeline network will transport well fluids to the Kingfisher CPF for separation and separated water back to specialised wells for injection into the oil reservoir. The oil is heated as part of the water separation process and will be sent via the 46.2 km insulated underground feeder pipeline to PSt1 for export in the EACOP pipeline or used in the planned refinery in Kabaale Industrial Park, not part of the EACOP Project. Gas separated in the CPF will be used to drive gas turbines to produce electricity. The excess electricity generated will be exported to Tilenga and Uganda's national grid. The Kingfisher development has already established several elements including the tarmac access road down the escarpment above the Buhuka Flats, well pad areas 1, 2 and 3 (although due to lake level rise

some of these need remedial works), drilling camp, supply base, airstrip, and jetty on Lake Albert. The planned construction phase for Kingfisher, will include development of one additional drill pad (drilling is expected to start in early 2023 and continue to 2029) along with flowlines to the CPF and water injection lines and electrical controls etc., construction of temporary camps, infield access roads, a water intake and treatment facility, powerline to connect to the national grid, construction of the CPF and associated facilities, and the feeder pipeline between the Kingfisher CPF and EACOP PSt1. The increase in Lake Albert's water level since 2020, assumed to be due to higher rainfall in Uganda and surrounding countries, leading to higher inflow from the Nile, has resulted in flooding and lake side erosion. This has not resulted in any contamination, but studies undertaken by Kingfisher have identified the requirement to implement shoreline protection measures which require additional engineering works to stabilise lakeside banks and raise pad levels.

This development and construction work is anticipated to take 32 months before the project will deliver its first oil. Following first oil, the project will continue to drill and add additional flow lines for five years during the operational phase. The overall life of the project is expected to be around 25 years.

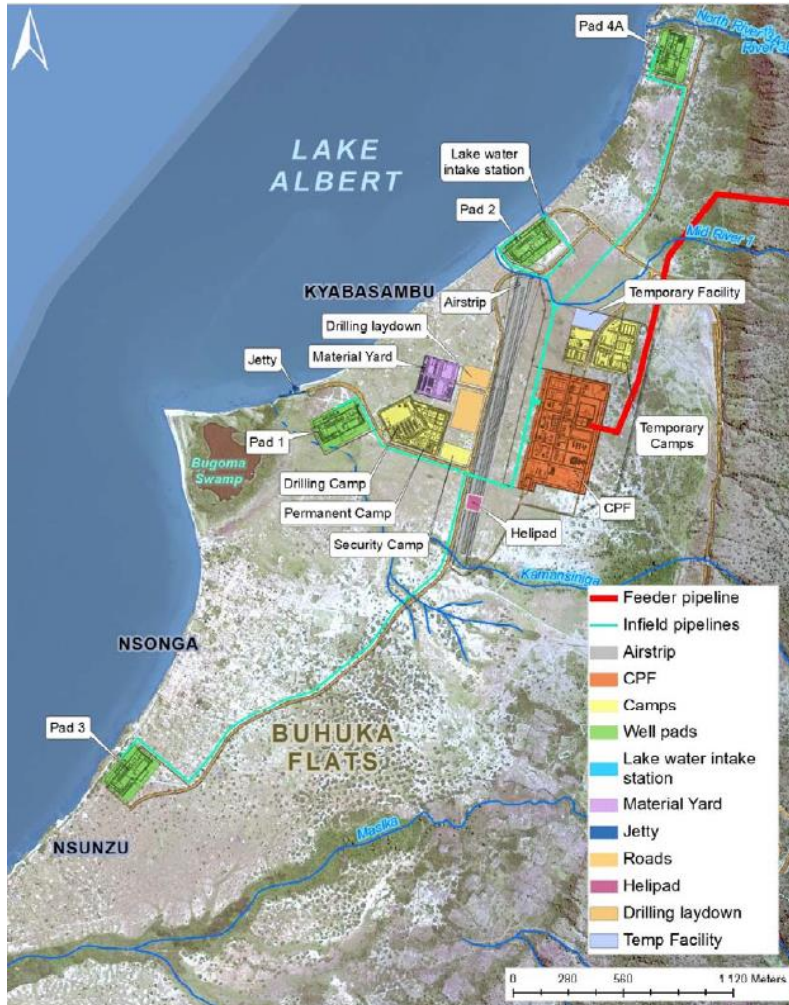


Figure 5: Overview of the main project infrastructure (Source: Kingfisher ESIA Sept 2018).

2.2.3 Other Associated Facilities

Apart from the Kingfisher and the Tilenga projects, other AFs include new or project-generated extension of existing borrow pits and quarries, concrete batch plants and waste management facilities, all of which require environmental and social evaluations, the development of mitigation and reinstatement measures, and the acquisition of regulatory approvals.

The planned hydrocracker and coker refinery in the Kabaale Industrial Park and connected facilities (such as the airport) are not considered AFs as these could be developed independently of the EACOP Project. Additionally, the proposed electrical grid connections at the AGIs in Tanzania are not considered to be AFs as EACOP is not reliant on them to operate (generators can provide all the power needed).

2.2.4 Project Settings

2.2.4.1 EACOP

Given its extension and complexity, the Project traverses a wide range of environmental and social settings and sensitivities. Since the design phase, route selection has been refined through a series of increasingly detailed reviews aimed at optimising the route from an engineering perspective and minimising environmental and social impacts. Assessment of the risks, potential impacts, and physical aspects, particularly topography, has determined the location of the AGIs. Based on this assessment variations in pipe wall thickness to account for varying pressures along the pipeline was also determined. Much of the route of the pipeline is through modified habitat, such as grazing, small, and medium scale agricultural lands, and plantations, with several sections traversing PS6-relevant Natural and Critical Habitat (forests, rivers, and wetlands) and protected areas. There are also a few areas on the route with ongoing and dynamic changes in land use (such as the Kahama artisanal mining area in Tanzania) which will require detailed reviews pre-construction, and these have been reviewed through the ESDD process from the perspective of pollution prevention (IFC PS3) and social (IFC PS4).



Figure 6: Area of Taala Forest Reserve in Uganda showing eucalyptus and banana plantations and clearance of forest (Source: LESC Site Visit)

2.2.4.2 Associated Facilities

The Kingfisher and Tilenga AFs are located adjacent to and at a similar elevation to the Lake Albert. The Tilenga fields extend from South of the Victoria Nile where the land is modified habitat used by pastoralists and some small agricultural plots, through to the MFNP to the North. The MFNP, which contains several species of large charismatic animals, is a major tourist destination along with the Murchison Falls. The pipeline network from the wells to the CPF will pass underneath the Victoria Nile, and the Murchison Falls-Albert Delta Wetland System, an internationally recognised Ramsar site.



Figure 7: View a portion of the Murchison Falls National Park and of Lake Albert to the North of the Albert Delta (Source: LESC Site Visit)

Kingfisher is located on a low-lying area on the shore of Lake Albert. The surrounding land, below an escarpment to the East, contains a number of villages, most of which are focused on fishing and cattle rearing.



Figure 8: View from the escarpment road of Kingfisher main camp (white structures) on shore of Lake Albert (Source: LESC Site Visit)

3.0 ESDD SCOPE AND PROCESS

The ESDD assesses project compliance against the following:

- IFC Performance Standards (PSs):
 - PS1: Assessment and Management of Environmental and Social Risks and Impacts;
 - PS2: Labour and Working Conditions;
 - PS3: Resource Efficiency and Pollution Prevention;
 - PS4: Community Health, Safety and Security;
 - PS5: Land Acquisition and Involuntary Resettlement;
 - PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
 - PS7: Indigenous Peoples; and
 - PS8: Cultural Heritage.
- World Bank Group (WBG) General Environmental, Health and Safety (EHS) and EHS Guidelines for Onshore Oil and Gas Development.
- Equator Principles 4 (EP4) - a risk management framework for determining, assessing, and managing ES risks in projects and are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.
- OECD Common Approaches within which projects are expected to be benchmarked against international standards as part of the environment and social due diligence process (IFC PSs, WBG EHS Guidelines).
- Host countries (Uganda and Tanzania) laws and permits.

To date, the ESDD process has included the following activities:

- A Preliminary Findings Report² in March 2021 with a summary of key findings from the initial desktop review of the E&S documentation package provided by EACOP (including ESIA reports and several management documents for the Project, the AFs, and other E&S documentation);
- A site visit to the Project Area of Influence (AoI) in Uganda and Tanzania in March and April 2021, respectively, and preparation of an Initial ESDD report³ and associated Environmental and Social Action Plan (ESAP) where key gaps with Lenders' requirements have been captured and relevant actions to achieve compliance identified;
- A visit by the LESC social and biodiversity specialists in October 2021 to both Tanzania and Uganda to cover portions of the Project AoI that they could not visit before and submission of a site visit memo⁴;

² Golder Document No.20399033-001-RL0-Rev.3 dated March 2021.

³ Golder Document No.20399033-002-RL0-Rev.2 dated June 2021.

⁴ Golder Document No.20399033-004-RL0-Rev.0 dated December 2021.

- A first Progress ESDD⁵ report submitted in March 2022 with an update on EACOP's progress EACOP in addressing the Initial ESDD report action plan items and key findings from the review of additional E&S documentation provided by EACOP in response to the ESAP actions;
- A site visit by the LESC marine specialist in August 2022 to the MST and LOF near Tanga including meetings with local stakeholders; and
- A "second Progress ESDD" report⁶ submitted in January 2023 with an updated ESAP that reflects the Project status with respect to alignment with Lenders' requirements.

The ESDD review process carried out so far has not identified "red flags" against the IFC PSs 1-8 (e.g., representing E&S aspects and risks that the Project has not addressed, dismissed or intentionally ignored), which may result in significant impacts and/or reputational risk and ESAP actions have been identified to achieve full compliance with Lenders' requirements. By necessity, given the stage of the Project in relation to the ESDD timeline, some activities are ongoing, particularly those in relation to the development of documents like the Contractor Implementation Plans & Procedures (CIPPs) which are developed by Contractors after they have been awarded a contract. Accordingly, the updated ESAP included in the second Progress LESC report tracks the actions that have been addressed and closed and identify those that remain open/ongoing and that will have to be completed either before Financial Close or during the early stages of the Project construction phase.

4.0 SUMMARY OF ESDD REVIEW AND ASSESSMENT

4.1 PS1 – Assessment and Management of Environmental and Social Risks and Impacts

LESC's review of the assessment and management of environmental and social risks and impacts is based on the ESIA's for the Project and key AFs, and on the Environmental and Social Management System (ESMS) documentation provided. With respect to the situation observed at the time of the Initial ESDD report, EACOP has significantly progressed in setting up its EACOP Integrated Management System (EIMS) structure which is now considered in line with the IFC PS1 requirements and includes several key documents such as supporting policy documents, the EIMS manual, a Project ESMP document and management and supporting plans. Although the EIMS is still being progressed and some documents have yet to be finalized to achieve full alignment with IFC PS1 requirements before main construction starts, the main EIMS structure is now considered complete, with key and secondary documentation available.

Significant effort has been spent in assessing risks and impacts for both the Project (i.e., pipeline and AGIs) and its AFs. The LESC review has not found major gaps in the ESIA reports or components of the Project that have not been scoped into the assessment or neglected. The methodology adopted for the ESIA's is considered adequate, and the review has not identified structural gaps in the ESIA process.

With reference to the management of cumulative impacts, a Tripartite Memorandum of Understanding for cooperation is being finalised⁷ between EACOP, Tilenga and Kingfisher in accordance with other shareholder and Host Government agreements, to ensure consistency

⁵ Golder Document No.20399033-005-RL0-Rev.2 dated March 2022.

⁶ Golder Document No. 20399033-006-RL0-Rev.2 dated January 2023.

⁷ The Tripartite Agreement is expected to be finalised in Q1 2023.

between the ESMSs and performance monitoring through mutual cooperation and participation in joint initiatives around E&S issues to mutually support all parties in alignment with the requirements of PSs and EP4.

The Project ESMP stipulates that the E&S requirements to be implemented by EACOP will be identified in the Detailed Management Plans (DMP) while the minimum Project E&S requirements for contractors will be documented through Contractor Control Plans (CCP). On the basis of the CCPs, the contractors will develop corresponding Contractor Implementation Plans & Procedures (CIPP) that will be approved by EACOP. This process had already been implemented for those contractors engaged in earthworks at some of the Project areas (i.e., at the coating yard, MCPY 9, MCPY 11 and MCPY 15).

The EACOP HSE organisation has two layers of oversight to manage the health, safety, security, social and environment components during project construction: the integrated Project HSE team and the Corporate HSE team. EACOP has designed an organisational structure that is considered sufficient for managing HSE risks during Project construction, which will remain in place for the transition and handing over to operations and maintenance staff. At the time this report is being prepared, numerous positions within the organisational structure have been filled and recruitment is continuing for the remaining positions.

Both EACOP Uganda and EACOP Tanzania have well-developed Stakeholder Engagement Plans (SEP) in line with the requirements of the IFC PSs, which are being implemented successfully. As a part of stakeholder engagement, the Project has paid particular attention to engaging with women and vulnerable ethnic groups (Indigenous People) and with a wide range of other interest groups including (but not limited to) farmers, fisherfolk, pastoralists, shopkeepers and traders, elderly, youths, artisanal miners, businesspeople, tourism operators, emergency service providers, community health practitioners and this was also confirmed in the interviews carried out by the LESC during the site visits held in 2021.

The Project has established grievance management and tracking systems in both Uganda and Tanzania consistent with the requirements of IFC PS1. The grievance mechanism is robust and has now been operating successfully for several years. Community awareness of the grievance mechanism was tested during LESC field trips to Uganda and Tanzania in 2021 and found to be high.

4.2 PS2 – Labour and Working Conditions

With respect to the requirements of IFC PS2, LESC opinion is that EACOP is following the process to meet Lenders' requirements. Labour aspects are covered in the ESIA's, both in the baseline and in the impact assessment. Since the draft ESDD report, the Project has developed two Labour Management CCPs, one for Tanzania and one for Uganda that define the minimum requirements that contractors are expected to establish in their CIPPs to protect labour and working conditions across the Project and to ensure alignment with IFC PS2. The Labour Management Plans refer to the right to organize and collective bargaining in line with the International Labour Organisation (ILO) Convention. As part of the EACOP EIMS, the Project has also developed a Worker Grievance Mechanism (Tanzania and Uganda) that defines the minimum requirements for receiving, acknowledging, investigating, and addressing grievances submitted by all Project workers, including those employed through personnel or manpower companies. The document is considered aligned with IFC PS2 requirements and designed to comply with the United Nations Guiding Principles on Business and Human Rights.

In relation to Occupational Health, Safety and Security (OHSS), the two ESIA's for Tanzania and Uganda have been supplemented by two Occupational Health, Safety and Security CCPs

developed by EACOP for the Uganda and Tanzania sections of the Project. EACOP has also developed an Occupational Health, Safety and Security DMP which is part of the EACOP EIMS and defines the minimum requirements necessary to achieve the OHSS commitments made by EACOP, including contractors' oversight activities conducted by EACOP. The document is well structured and identifies different levels of HSE responsibilities between Corporate, Project, and Contractors and includes key performance indicators against which to measure contractors' performance as well as the implementation of ESIA commitments and ESIA conditions. All occupational health, safety and security plans address Voluntary Principles on Security and Human Rights (VPSHR) aspects and how these will be implemented across the EACOP Project by the Company and all contractors to reduce the risk of human rights violations.

An area of attention for the Project is across road safety. Since the last LESC report, EACOP has developed a Road Safety Policy and a "Transport and Road Safety Requirements" document that complements the Transport and Road Safety CCP and sets the minimum HSE requirements to be applied to all Company, contractors, and any sub-contractors' activities involving vehicles and heavy equipment across the Project.

With the finalization of the EACOP OHSS and the Transportation & Road Safety DMPs and supporting plans the Project has made significant progress in relation to OHSS-related aspects from the early stages of the ESDD process and the latest documents provided are aligned with those normally developed at this stage of the due diligence for projects of this magnitude and complexity.

Now that the main documents are in place, EACOP will have to establish a robust verification mechanism to ensure contractors' compliance from the early stages of construction. From the information provided by the Project, this process has already started for the contractors engaged for early civil works at the Coating yard and at MCPY9 where the contractor engaged in the field has been provided with the CCP and has developed its own CIPPs.

Now that the Construction Contractors are starting to mobilise, development of a construction phase Industrial Relations Management System (organization, roles, responsibilities, lines of communication and training) will be critical to consistently manage industrial relations across the countries, lots, spreads, and camps. EACOP has engaged an industrial relations specialist to help the Project develop an industrial relations strategy and constituent policies and management plans to cover IFC PS2 matters such as defining an industrial relations policy and contractor industrial relations requirements, camp standards and management guidelines, labor and working conditions, and measures for assessing and building contractor capacity for industrial relations management. An industrial relations monitoring plan is also being developed. EACOP has committed to completing drafts of these documents by the end of 2022. The time available for finalizing industrial relations plans and engaging with the EPC contractors regarding their implementation is tight but manageable assuming a mid-2023 construction start by the main construction contractors.

4.3 PS3 – Resource Efficiency and Pollution Prevention

During construction, the energy for the Project will be provided by diesel power generation and mobile plants. Efficient vehicles and generation units, along with planning and logistics, will assist to reduce diesel consumption, and diesel use per month is a KPI to be tracked. For operations, the initial ESIA base case for supplying the Project's energy demand was from the burning of crude at the power generation facilities to be installed at selected PSts and the MST. Since the initial ESIA, EACOP has undertaken a significant amount of work to refine and optimise the

operational equipment and energy make up including assessing potential generation from wind, geothermal, solar, grid, and a combination of solar/generators/grid. The assessment has led to the development of a combined power supply which comprises solar power and the power supplied from the national electrical network with a BESS to allow for grid instabilities with crude oil generators when electrical power is not available. In addition, a high thermal efficiency in the pipeline insulation will reduce the energy demand.

The ESIA provides an estimate of GHG emissions during the life of the project⁸. The key sources of air emissions during construction comprise particulates and gaseous emissions from fixed and mobile sources, and dust emissions from non-paved roads and exposed soil surfaces at worksites such as pipeline RoW, coating facility, MCPYs and AGIs. Away from the MCPYs and other construction facilities, these impacts will be transient and relatively short-term in nature and mitigated through standard management tools. During operations, the largest sources of direct GHG emissions with the original design would have been the crude oil-fired generators at PSt3, PSt5 and at the MST, and the direct-fired heater at the MST and PSts, with estimated maximum annual emission of 282 ktCO_{2e} in Tanzania and 18 ktCO_{2e} in Uganda⁹. However, the EACOP work to optimise operational equipment and power sources, which will reduce GHG emissions from the original design by up to 60%. With the revised design, the primary GHG emissions sources will change from direct (scope 1) emissions from crude oil-fired generators to indirect (scope 2) emissions due to using purchased electricity from the national grids.

A Climate Change Risk Assessment (CCRA) has been developed in 2022 to study physical and transition risks as required by EP4. With respect to climatic hazards in the physical risk evaluation¹⁰, wildfires were ranked as having a high exposure rating and hazards from intense rainfall events, hot weather, droughts, wildfires, and sea level rise (and associated stormwater surge risks) were allocated moderate to slight exposure ratings. The outcomes of this assessment have been reviewed against the design criteria which is ongoing and mitigations to address these physical risks are embedded in the Project design with no need to consider additional material changes in the design which could have further E&S impacts. The transition¹¹ risks component of the assessment is aligned with the task force on climate-related financial disclosure and assessed policy and legal risks, technology and market risks, and reputational risk. While these risks cannot be quantified and there is uncertainty around their potential effects in the long-term period, the highest immediate risks would be associated to climate-related litigation, and reputational risks for EACOP and investors, with other less likely to have a significant impact on the Project at this stage but could impact it later in the Project's life.

The waste management strategy is defined in the Waste Management Plans and in the Pollution Prevention Management Plans. These documents have been supplemented and integrated by Waste Management and Pollution Prevention CCPs and DMPs developed by EACOP (outlining EACOP responsibilities). EACOP has also provided an overarching Construction Waste Management Plan to inform the development of the Waste Management CIPPs by all construction contractors. EACOP strategy is to follow good international industry practice (GIIP) for waste and hazardous materials management and a typical waste management hierarchy approach of avoid,

⁸ The Tanzanian ESIA did not include a calculation of GHG emissions for the construction and commissioning phase as it was considered the direct and indirect emissions were minor relative to the operational emissions over the life of the project and as such were not quantified.

⁹ Uganda's operation phase GHG emission range from 0-18 ktCO_{2e}, and Tanzania's operation phase GHG emission range from 201-282 ktCO_{2e}.

¹⁰ Risks which relate to the physical impacts of climate change on the Project.

¹¹ Risks for the Project which relate to the transition to a lower-carbon economy.

reduce, reuse/recycle, and dispose to project-approved waste management facilities only those materials that cannot be treated on site and/or reused by EACOP or by licensed 3rd party waste management /recycling companies.

Overall, the waste management strategy is well structured and detailed for the current early stage of Project development. Waste management principles and objectives are well-defined in the documents as well as methods for their implementation and Project-specific solutions. The different documents reflect the intent of the Project to be mainly self-sufficient where practicable regarding waste management processes, procedures, and facilities from the initial phases of the construction.

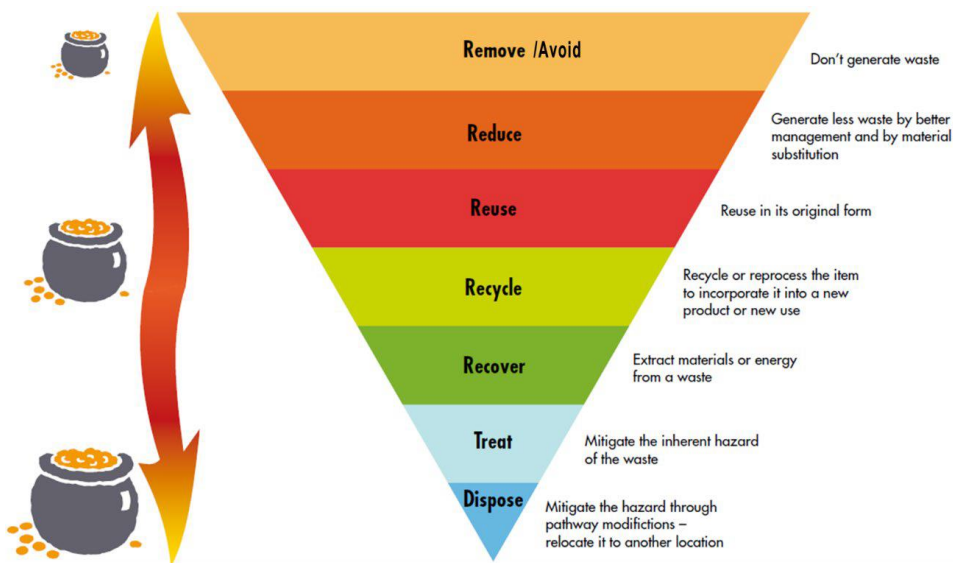


Figure 9: EACOP Waste Management (Detailed Management Plan), Doc. No. L2-DMP-HSE-UT-0450 dated October 7th, 2022.

In the early stages of the ESDD process the LESC posed a question on the feasibility of some of the third-party treatment and waste disposal options identified in the plans and the availability of reliable recycling contractors from the early stages of construction to avoid accumulation of significant volumes of hazardous and non-hazardous materials. In December 2021 EACOP launched a “waste management capability review” of potential waste management contractors and facilities in Uganda and Tanzania. Since then, the Project has made progress in the identification of several third-party treatment and waste disposal options, and Health, Safety and Environment (HSE) audits were undertaken at selected waste management contractors/facilities. As a result, some facilities were considered compliant with EACOP waste management standards and some additional facilities were also identified as potentially viable pending improvements to align with Project’s requirements. Overall, the waste management strategy is robust and well-structured. E&S supervision of contractors by EACOP is now recommended to ensure that the actions included in the contractors’ CIPPs will be effectively implemented across the Project from the first stages of construction.

Construction wastewater, black water (sewage) and potentially grey water will be treated through dedicated sewage treatment plants installed at all the MCPYs and will comply with the Project’s discharge quality standards for wastewater (sewage and effluent). Sites where there is no treatment will transfer their wastewater back to the nearest MCPY or at other Project’s facilities. Measures to maximize the recycling and reuse of grey and hydrostatic test water will be applied. During operations, the volume of wastewater generated will be limited predominantly to sanitary

waste and transferred to and treated on the main AGIs. The Waste Management CCP places a commitment on the contractors to maintain water and wastewater records. It also specifies the requirements for E&S risk evaluation and implementation of appropriate measures to mitigate impacts from discharges on surface water ecology, downstream water users or terrestrial ecology. At the AFs the approach to wastewater will be the same as for the Project.

The Project is being constructed predominantly in a rural farming landscape, generally of low ambient noise. During construction there will be transient noise along the pipeline Right of Way (RoW) as construction continues, and these operations are understood to be only in daylight hours with some exceptions, for example installation of the pipeline under rivers using horizontal directional drilling (HDD). Furthermore, there will be noise generating activities at the construction sites, including noise from pile driving for the LOF jetty and loading platform. The transient noise sources will require management through focused localised noise mitigation measures to protect any sensitive receptors. Hard-rock blasting will require a Blast Management Plan. EACOP's Pollution Prevention CCP includes a requirement for contractors to undertake preconstruction survey's where there is potential for vibration effects on dwellings and buildings. EACOP has conducted noise modelling at all AGIs and at the coating yard and identified a number of mitigation measures. The final noise models will be completed in Q1 2023. Once these models are available EACOP will determine what further site-specific mitigation is needed.

For the AFs, the 24-hour drilling operations are a significant noise emission source and noise mitigation measures will be considered and implemented where significant noise sources and potential impacts on sensitive receptors are identified'. At the Kingfisher and Tilenga projects some residential properties which are likely to be affected by noise, measures mitigating noise at source and erection of berms are planned. The Kingfisher Project has identified the households at most risk and completed relocation of households within buffer areas between the projects' facilities and the neighbouring residents in the community. Rigs are expected to be on site in Q4 2022 and on-site noise monitoring will be undertaken during rig test running to confirm that the noise mitigation actions implemented allow meeting of lenders' standards, including at those relocated residents.

There will be visual and lighting impacts from numerous bases and locations during EACOP construction. The ESIA indicated that stakeholders did not perceive proposed project infrastructure as negative visual intrusions in the landscape but recognised the sensitivities of the MST and LOF in the tourist areas of Tanga and the visual impacts in the MFNP from the construction and operation of well pads for the Tilenga AF. The visual impacts of the operational well pads in the MFNP will be mitigated with the construction of bund walls. In the case of the AFs, it is considered that the drilling rigs will be visible at night for a significant distance, with relatively limited mitigation available. For operations EACOP has completed a Lighting Design Philosophy with the approach to minimising light pollution from the AGIs through a lighting strategy for its operations phase which will be incorporated into the Electrical Design Criteria.

The Project traverses the East Africa Rift System, a seismic zone which has intrinsic earthquake risks, as well as other risks such as landslips and flooding/erosion. The risks from natural disasters are considered minimal and adequately addressed by the Project design and pipeline routing as well as relevant scenario planning and response. In the unlikely event that a natural hazard occurred and resulted in the rupture of the pipeline, the MLBVs would isolate the section of pipe and trigger emergency response plans. Overall, the LESC considers that the risks from natural hazards are adequately addressed by the Project design as well as relevant scenario planning and response. Natural hazard risks are also considered for the AFs, with risks such as liquefaction of sediment, and in the case of the Kingfisher project this potential hazard resulted in the

movement of a drill pad. The Kingfisher project also considered the risks of flooding and tsunami, and the assumptions regarding these need to be reviewed in the light of the current high-water levels on Lake Albert. The CCRA undertaken for the Project does not appear to identify any further risks to the Project over and above those already accounted for in the risk assessments with issues such as flooding for Tilenga well pads and high Lake Albert water levels, having been accommodated in the Project and AF design features.

EACOP carried out a robust alternative pipeline route assessment that considered several potential corridors starting from Hoima and leading to the Indian Ocean either across South Sudan, Kenya, or Tanzania. The study includes an articulated description of the alternative pipeline route corridors and AGI sites, and the technology considered, which led to the definition of the current corridor and AGI location designs.

The impacts on soils are almost exclusively associated with the construction phase. EACOP has developed a Soil Management CCP to be implemented by the contractors through their Soil Management CIPPs. During operations, there will be a requirement to monitor the restoration and address any areas of soil erosion.

Water requirements are provided from a mixture of surface and groundwater sources for construction, and groundwater during operations, with the potential in both phases for the purchase of water from water districts and water boards. The underlying premise is that contractors will avoid water abstraction sites that can affect water needs of local communities and the ecosystem. The ESIA's also detail several proposed resource efficiency measures which are in line with good international industry practice (GIIP). The single largest water demand during construction and commissioning is the water demand for hydrostatic testing of around 16,000 m³ per test section but will vary with the length of the test section. The construction contractors are required to develop a Hydrotest Management Plan and to reuse the same water for different test sections as much as practical. The management of water will require close oversight by EACOP's HSE teams to ensure that this resource, along with the ecological systems and communities that rely on it, are not impacted, particularly in the dry season.

For both AFs, most of the water demand will be met through abstraction of water from Lake Albert through all phases of the project. These required demands will be negligible with respect to the volume of Lake Albert (combined less than 0.05%) and the flux of water through the lake on the Victoria Nile.

4.4 PS4 – Community Health, Safety and Security

For both Uganda and Tanzania, ESIA's presenting community health and safety baselines, risks and impacts, mitigations have been completed. ESIA baseline studies included a Human Rights Impact Assessment (HRIA), based on a security and human rights field survey in Tanzania and a desktop review of human rights and security risks in Uganda. Health Impact Assessments were undertaken in both Uganda and Tanzania. An updated Human Rights Impact Assessment, a Human Rights Action Plan and a Voluntary Principles on Security and Human Rights (VPHSR) Risk Assessment were combined into a Human Rights Due Diligence report in Q4 2022.

Since the initial stages of the ESDD review process, EACOP has completed/updated construction phase Social Management Plans for Uganda and Tanzania, integrating human rights provisions as a useful addition. EACOP also completed a Community Health, Safety and Security (CHSS) DMP and CCPs covering Uganda and Tanzania. The DMP is strong on HSE elements and places a heavy onus on contractors to address social impact avoidance and mitigation in their CIPPs.

Experience from other similar projects has shown that contractors have widely varying social performance capacities and capability to prepare social-related CIPPs. EACOP should provide adequate social performance resources to mentor contractors during their CHSS CIPP preparation and mobilization.

In Tanzania, EACOP has piloted a community road safety awareness program around the early works sites and in Q1 2023 will roll it out along the entire pipeline corridor villages. The activities will be timed to precede the start of early civil works or main construction and include revisiting the most at-risk communities a number of times. The program includes a road safety song and theatre developed by the Tanzania House of Talents which has been performed in villages around the Coating Yard in December 2021 and January 2022. Road Safety Clubs have also been formed in nearby schools. All these road safety initiatives are consistent with large international project best practice.

A Project Induced In-Migration (PIIM) and Human Rights Manager has been appointed to oversee PIIM management for both EACOP Tanzania and Uganda. Updated assessments of likely PIIM hotspots, their drivers, risks, and potential impacts are completed or underway. The EACOP Uganda and Tanzania Social Management Plan (SMP) include sections on the PIIM Management Strategy. This strategy has been elaborated into a PIIM Management Implementation Plan.

EACOP has made progress in developing a Critical Incident Management Plan which defines how the Project safeguards its people and assets from major security, emergency, and business disruption situations (critical incidents). It covers critical incident avoidance, and critical incident management, and covers all Project personnel in both Tanzania and Uganda whether they are staff, contractors, and/or visitors for whom the EACOP Project is responsible. A Critical Incident Team Pocket Guide has also been developed by the EPcmC with emergencies details and contacts for each of the main project sites. The LESC observed that further clarity is required amongst project staff regarding the respective roles of Company HSE, Project HSE and the EPcmC in managing CHSS impacts and related community awareness and engagement.

Overall, the LESC considers that for PS4 EACOP has made good progress in preparing documents that meet Lenders' requirements in the areas of community health, safety, security and PIIM management. Attention needs to be paid to the kinds of collaboration, assistance and information disclosure that needs to happen with Project Affected Communities (PACs) and local government to help them respond effectively to emergency situations associated with the Project to accord with PS 4.

4.5 PS5 – Land Acquisition and Involuntary Resettlement

Overall, Project resettlement planning documentation has been prepared with a scope and level of detail commensurate with a project of EACOP scale and the requirements of IFC PS5.

For Uganda, a consolidated Resettlement Action Plan covering EACOP Uganda Priority Areas, Pipeline and AGIs has been prepared consistent with the requirements of IFC PS5.

For Tanzania, ten resettlement documents (an RPF, a RAP for Priority Areas and eight Regional RAPs, one for each region traversed by the pipeline) describe the resettlement program. The breakdown into regional RAPs was agreed with the Government and is aligned with the Project strategy for implementation. EACOP is now working on the Supplemental RAP and Livelihood Restoration Plan (LRP) covering the marine facilities at Chongoleani. As of Q4 2022, an external maritime security risk specialist was undertaking a risk assessment of the jetty and load-out-facility. The outcome of the risk assessment is crucial for determining the extent of livelihood

restoration impacts and the measures that will need to be delivered within the Chongoleani Peninsula Supplementary Resettlement Action Plan (RAP) and LRP program.

The Project is reconciling land, physical displacement and economic displacement requirements resulting from project micro re-routing for social, environmental and constructability reasons. EACOP Tanzania is currently preparing a RAP addendum for disclosure in late January 2023 to reconcile these small footprint changes resulting from pipeline and access road re-routing.

Project impacts on land and people are summarized in the following table. The table does not include fishers or inter-tidal gleaners (who collect shellfish) who will be displaced by marine construction works and exclusion zones at Chongoleani.

Table 1: EACOP Affected Land and Households (Pipeline, Priority Areas and AGIs)

	Physically displaced households	Economically displaced PAPs	Affected land area (compensated)
Uganda	198*	3,594	2,321 acres**
Tanzania	331	9,513***	9,306 acres****
Total	529	12,776	11,627

* 198 households own 219 affected dwellings – some households will lose more than one dwelling.

** Excludes 419 acres of national forest reserve, wetlands, acquired but not compensated.

*** Includes landholders, land tenants and informal users.

**** Includes construction facilities (e.g., coating yard, two main construction camps, ten main camps and pipe yards and MCPY access roads, 680 acres; and, operational facilities (e.g., export pipeline with the 30 m wide corridor, additional temporary construction workspace, AGIs including a marine storage terminal, four pumping stations, two pressure reduction stations, main valve stations, electrical substations, AGI access roads etc.), 8,626 acres.

Overall, the Project has developed robust Resettlement Action Plans (RAPs) for Uganda and Tanzania. Considered together, the resettlement documents provide a clear picture of the policy and legislative framework, socio-economic context, nature and magnitude of displacement impacts, measures taken to avoid and minimize displacement, compensation and mitigation measures and implementing arrangements. A thorough livelihood baseline has been used to inform a livelihood restoration strategy. Assessments of vulnerability have been undertaken and appropriate vulnerable assistance proposed. Budgets and detailed schedules are presented. The Project RAPs define many good practice procedures for activities such as replacement house plot delivery, replacement house construction, provision of replacement agricultural land, transitional support, and vulnerable assistance. In both countries, valuation rates have been adjusted to reflect the time that has elapsed since land and asset valuation surveys were completed.

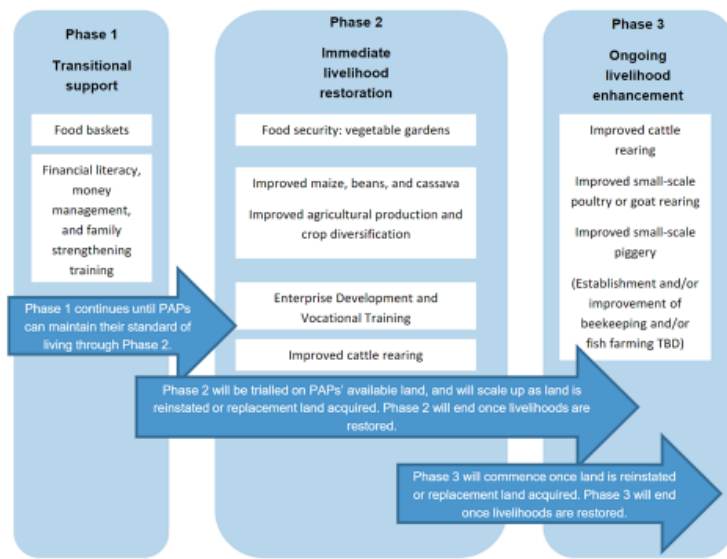


Figure 10: EACOP Uganda phased livelihood program delivery

In both Uganda and Tanzania, implementing partners have started the delivery of livelihood programs to displaced households. In Tanzania, the LESC observed the launch of a well-attended agricultural training program adjacent to the Coating Yard in November 2021. Below are photos of developing crops on the Priority Areas replacement land three months later.



Figure 11: Tanzania Priority Area replacement agricultural plots – livelihood program participants (Source: EACOP, 2022)

In Uganda, EACOP has recently obtained Government of Uganda’s agreement to include within the leases the possibility for impacted households to resume their use of land in the pipeline corridor for growing crops, subject to some restrictions, once the pipeline construction is completed. This provides a significant safety net for pipeline-displaced households and reduces potential Project impacts on long-term livelihood – a very good outcome. In Tanzania, the possibility of some livelihood activities taking place within the pipeline corridor post construction will be discussed with TPDC towards the end of the construction period.

In Uganda, compensation agreements, payments and replacement house construction are underway. 75 percent of the 3,648 compensation agreements needed for Priority Areas and pipeline access have been signed and of these, 83 percent have been paid their compensation, representing 63 per cent of all PAPs. No displacement has occurred to date. Contracts have been

awarded to four contractors to build 182 houses for the physically displaced and construction has commenced on 124 of them.



Figure 12: Examples of replacement housing nearing completion in Uganda (Source: EACOP, 2022)

In Tanzania, land acquisition for Priority Areas¹² was completed in Q4 2021. Thirty-four (34) households were physically displaced and a further 354 households were economically displaced. Of the 388 project affected households, thirty-nine (39) selected Project allocated replacement land, with forty-two (42) replacement land parcels being allocated to them, and the remainder opted for cash compensation. As of November 2022, compensation agreements payments and allocation of replacement housing and agricultural plots were complete. Thirty seven out of 43 houses have been completed and handed over to PAPs for the Priority Areas.

¹² In Tanzania, Priority Areas consist of the Coating Yard and main construction camps and pipe yards: MCPY 05 – MCPY 16.

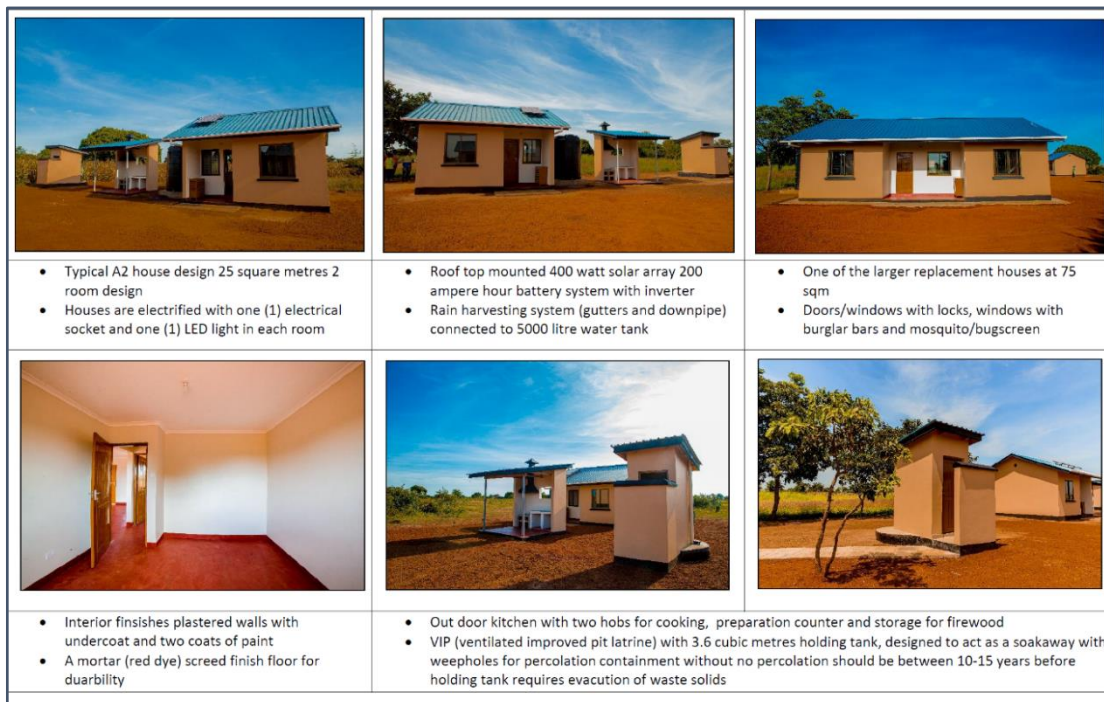


Figure 13: Examples of complete replacement housing in Tanzania (Source: EACOP 2022)

EACOP assisted the physically displaced households to move into temporary rental housing while their replacement houses were constructed. Households received transitional food support for 12 – 18 months and participated in agricultural livelihood programs. First maize crops have been harvested at the Coating yard area. Households with special needs or vulnerabilities received targeted support and were regularly monitored.

In Tanzania for the pipeline corridor and AGIs, over 85 percent (number=8,014) of the needed compensation agreements have been signed and 83 percent of those who have signed (n=6,659) have received compensation. Construction of 63 out of the needed 266 replacement houses has commenced.

4.6 PS6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources

For PS6, LESC opinion is that EACOP continues to follow the process to meet lenders’ requirements, however full compliance with PS6 will require the development and completion of a number of deliverables which are listed in the ESSD report, ESAP action items and summarised below.

With respect to biodiversity and the requirements of IFC PS6, EACOP has developed robust baselines and both the Uganda and Tanzania EACOP ESAs identify a range of direct and indirect biodiversity and ecosystem services (BES) impacts. These are at both a project-level and location-specific scale, and address terrestrial, freshwater, and marine environments. For both ESAs, multiple appendices provide baseline survey methodologies and field survey results in detailed datasets. The ESIA commits to the development of Biodiversity Management Plans (BMP) to address impacts on both terrestrial and marine biodiversity, and to include as a minimum those mitigation measures committed to within the ESAs.

Although set in a landscape of widespread conversion to Modified Habitat (degraded by human activity e.g., farming), the Project will impact a number of ecologically sensitive habitats deemed Natural and Critical Habitat (CH), CH-qualifying species, including charismatic species, threatened ecosystems and threatened species of wider stakeholder concern. The EACOP pipeline will also traverse a number of protected and internationally recognised areas, none of which are Ramsar or listed on the World Database of Protected Areas as International Union for Conservation of Nature (IUCN) management category I-IV (although AF Tilenga will have footprint in IUCN category II and temporary footprint in a Ramsar site).

Since the ESIA, terrestrial habitats have been re-mapped and re-classified across a minimum 5km- wide RoW corridor along the length of the pipeline, expanding out to a 10km assessment for protected areas, plus Kingfisher and the Tilenga feeder pipelines. This rectifies omissions in the ESIA mapping which did not align with PS6 requirements. To complement this updated mapping, ground-truthing biodiversity field studies have been undertaken at key locations for Critical and Natural Habitat and CH-qualifying species, and threatened ecosystems – including Eastern chimpanzee, Ashy red colobus monkey, Pancake tortoise, the *Karamoja apalis* bird, Itigi thicket, Guineo-Congolian forest, plus large charismatic mammal species of broad stakeholder concern, such as lion, giraffe, and African wild dog. The Critical and Natural Habitat analyses are being finalised as route design and refinement negotiation draws to a close.

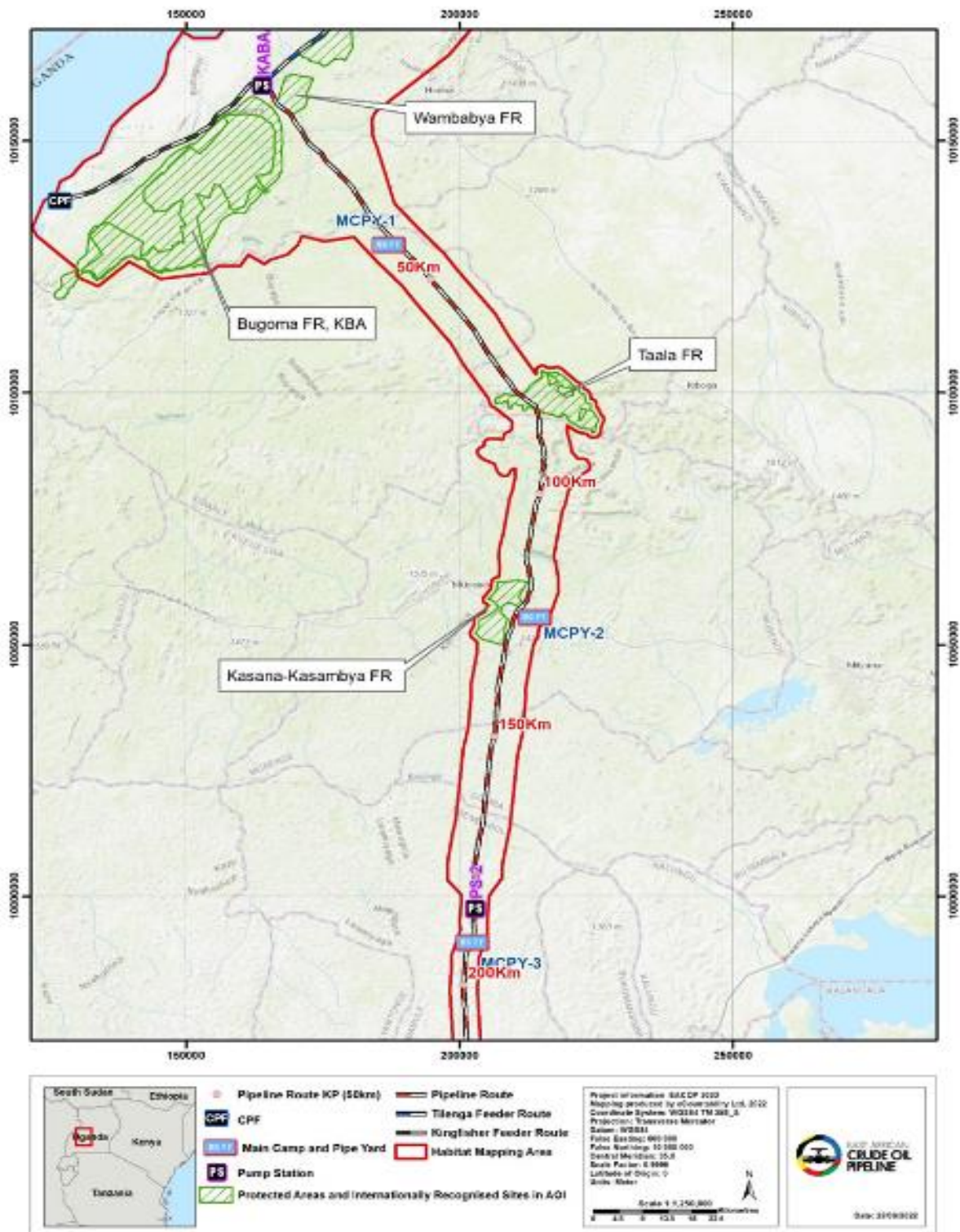


Figure 14: Protected areas and internationally recognised sites of importance for biodiversity potentially affected by EACOP in Uganda (Source: EACOP Biodiversity Action Plan – Draft, by eCountability Ltd, Sept 2022)

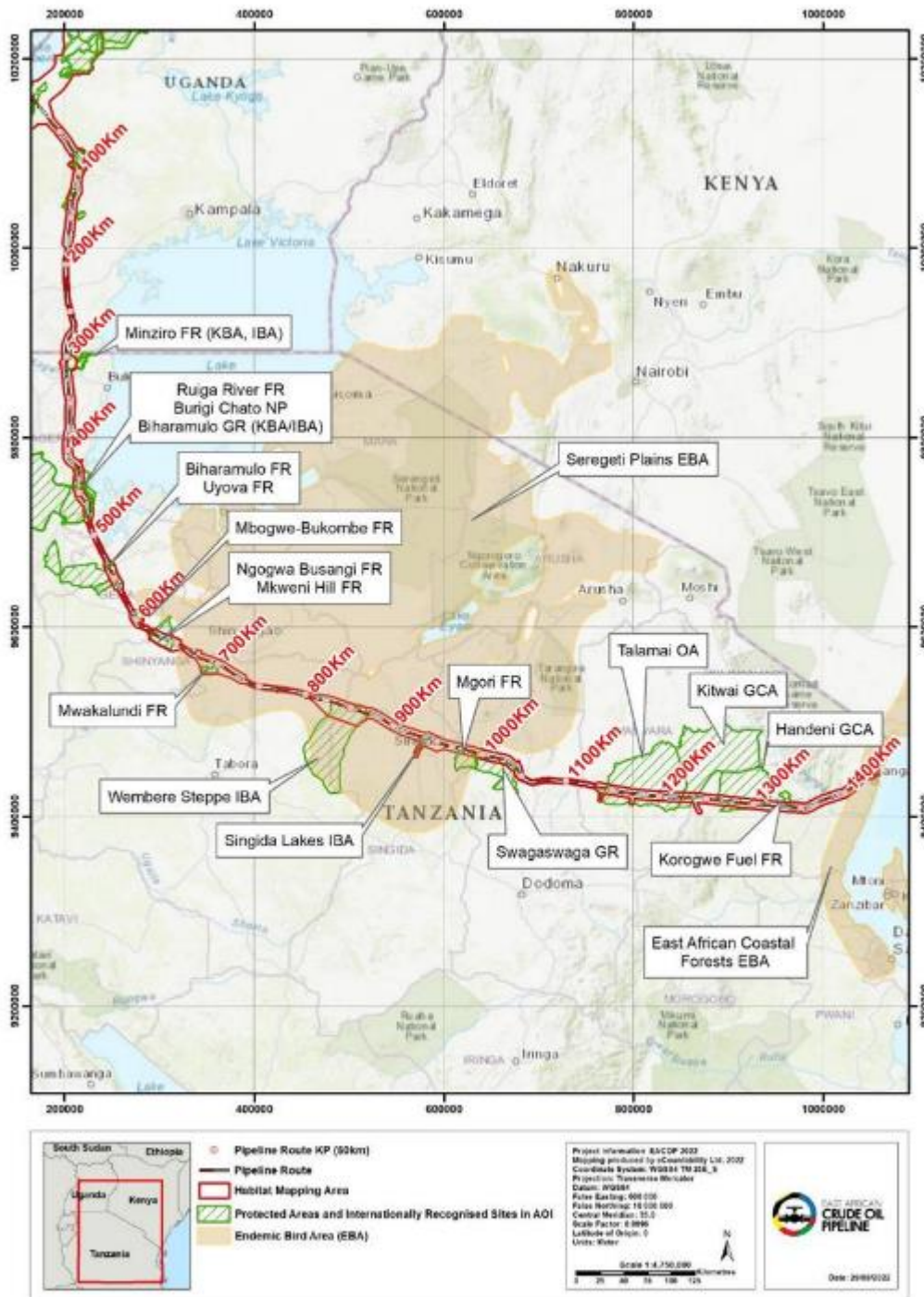


Figure 15: Protected areas and internationally recognised sites of importance for biodiversity potentially affected by EACOP in Tanzania (Source: EACOP Biodiversity Action Plan, by RSK, October 2022)

EACOP’s Biodiversity Charter committed to applying the mitigation hierarchy and to achieving No Net Loss (NNL) and Net Gain (NG). A Biodiversity Management Plan (BMP) DMP and a Biodiversity Management CCP have been developed covering Uganda and Tanzania, for both terrestrial and marine environments. EACOP advises the BMP and CCP will be updated by the end of 2022 to reflect the recommendations from the Critical Habitat Impact and Mitigation Assessments (CHIMA), the updated knowledge gained from 2021/2022 habitat mapping, analysis of Natural and Critical Habitat, and the Biodiversity Action Plans (BAPs).

EACOP will develop a Biodiversity Monitoring and Evaluation Plan (BMEP); this is being developed for completion in early 2023; a BMEP is fundamental to demonstrating compliance with PS1 and PS6 requirements for projects in Natural and Critical Habitat. The LESC have flagged the urgency of this considering early works have commenced at the MST, MCPY 8, 9 and 10, plus the Coating Yard, to monitor ecological values identified during baseline, mapping, surveys or Contractor Pre-Clearance Surveys. EACOP have provided an extract from their Environmental Management Tool (EMT) currently under development, which will be the reference source for Environmental and Biodiversity Field Supervisors to guide the mitigation measures to be adopted at each section of the right of way (RoW) under construction. Although not a BEMP according to PS6 requirements, the EMT does indicate areas for Field Supervisors to monitor implementation of mitigation measures.

Three BAPs have been developed, one for each of terrestrial/freshwater Uganda and Tanzania, and one for marine at the Tanzania coastline. The BAPs list the Natural and Critical Habitats and CH-qualifying species that are likely to be affected by the Project. A full assessment of the feasibility of achieving NNL and NG will be available when the Biodiversity Offset Management Plans (BOMPs) have been developed.

A draft EACOP Biodiversity Offsetting Strategy (BOS) has been developed and includes a number of potential offset scenarios planned around various activities over the next 1-3 years. Three Biodiversity Offset Management Plans (BOMPs) will be developed during the first half of 2023: one for terrestrial biodiversity in Uganda, one for terrestrial biodiversity in Tanzania and one for marine biodiversity in Tanzania. These should present detailed offset program options/feasibility for achieving No Net Loss and Net Gain.

The feasibility of mitigating significant residual impacts has not been demonstrated within the current ESDD timeframe. Nevertheless, although not yet fully complying with the Critical Habitat requirements of PS6, the LESC currently have no reason to believe the Project's approach will not result in a compliant position once further milestones are effectively progressed.

EACOP and the AFs have committed to ongoing engagement with PS6-relevant stakeholders. For Lender assurance, the LESC consider constructive, transparent engagement to be vital, especially considering the level of public scrutiny the Project has received. EACOP has continued engagement with an external stakeholder panel originally developed for the Tilenga Project, the Independent Biodiversity and Livelihoods Advisory Committee (IBLAC) comprising international and national specialists. Issues reported by IBLAC under discussion with EACOP and AFs include the extent of ongoing, widespread habitat degradation that has been ongoing for a number of decades in the vicinity of the oil developments in Uganda, slow progress in mitigating any of the project impacts seen to date, plus wildlife impacts related to the government's road now fully constructed through Murchison Falls National Park. Their recommendations and issues raised are lodged in a live tracker, so that items can be considered, prioritised and reviewed between parties on a regular basis. Monitoring of issue resolution will be required. EACOP is engaging with the Avoid Reduce Restore Conserve (IUCN ARRC) taskforce on great apes to ensure impacts on the Eastern chimpanzee are fully understood and effectively mitigated. Constructive engagement previously had been subject to some delays, but dialogue is now more regular. This includes ARRC's involvement in a chimpanzee workshop to align mitigation measures at a landscape level along with the Tilenga and Kingfisher projects, and the development of a landscape Chimpanzee Action Plan (ChAP) (to be finalised during 2023). In the next few months, the ARRC panel are due to provide information on its opinion on the proposed mitigation strategy to avoid/minimise impacts on chimpanzees.

Along its length, the EACOP pipeline intersects a number of local/national legally protected areas and internationally recognized areas, most notably in Tanzania. PS6 has specific requirements for projects in such areas. Protected and internationally recognised areas which the Project will affect do not have government-approved management plans in place. The terrestrial Critical Habitat Impact and Mitigation Assessment (CHIMA) and BAP both note widespread decline in the extent and quality of many protected/recognised areas, despite many being Natural Habitats and retaining CH-qualifying species and threatened ecosystems. There is a significant opportunity for EACOP to liaise with all relevant agencies and protected area stakeholders to develop such plans that are based not only on retention of ecological value but also have community-based natural resource management programs at their core. On this note, EACOP is already engaging with the authorities at Burigi-Chato National Park (Tanzania) to undertake park-wide baseline surveys to feed into the development of a formal park management plan.

The marine LOF, related shipping and aids to navigation are within CH and there are numerous Protected Areas within the Aol and seascape.

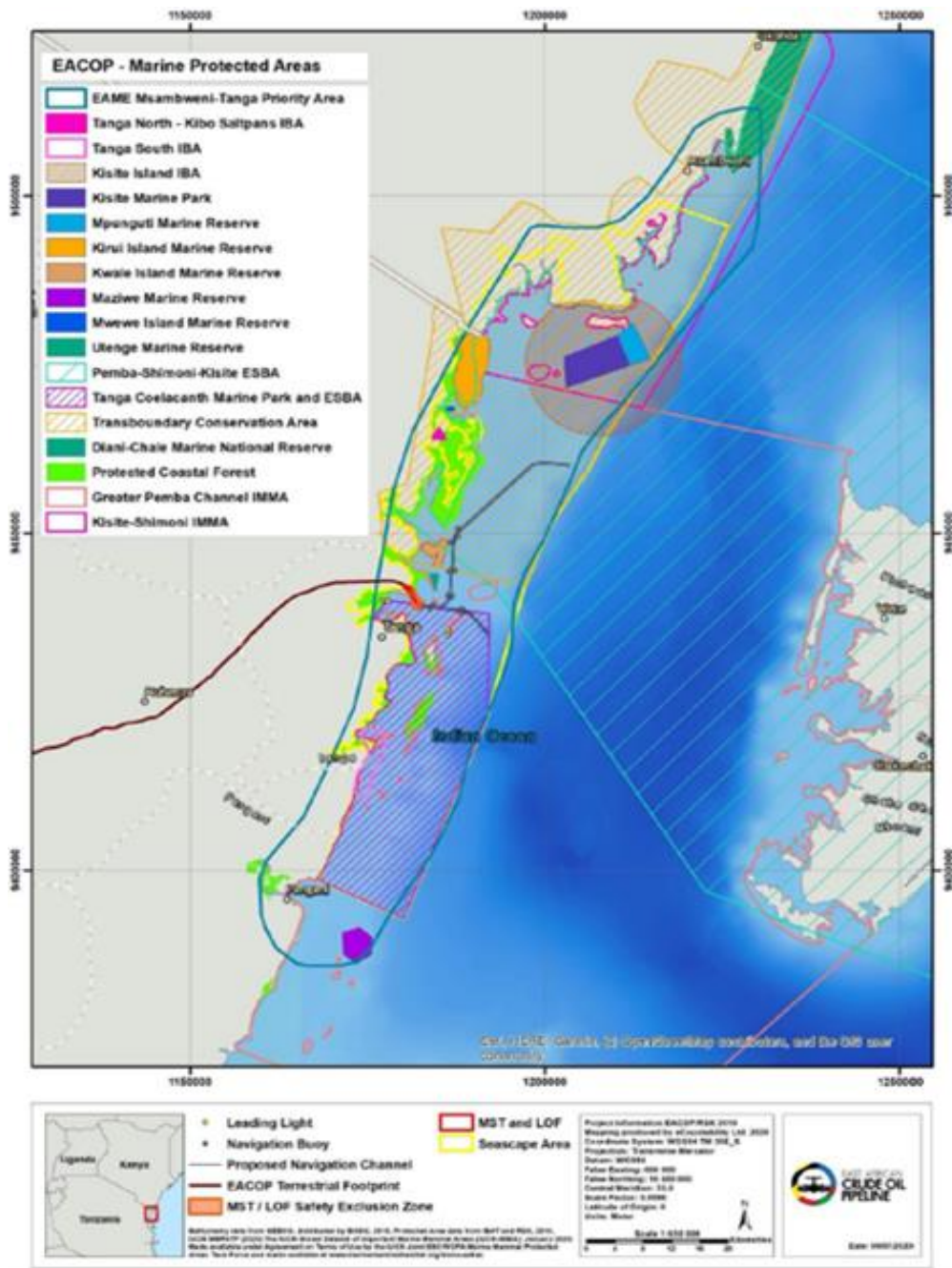


Figure 16: Legally Protected and Internationally Recognised Areas in the vicinity of EACOP's marine Area of Analysis, Tanzania (from RSK CHA 2018, via BlueDot Associates MCHIMA 2020).

Three marine CHs and six marine CH qualifying species were identified. EACOP commissioned extensive and robust surveys to study these, which will continue through the offsetting program. Avoidance and mitigation measures are defined at a high level in the marine BAP, and further work is required through to construction and operations to refine and implement these measures through an updated CCP and contractor prepared CIPP. Within the marine BAP it has been concluded that there will be direct impacts on the three marine critical habitats requiring offsetting but not on the critical habitat qualifying species.



Figure 17: The shoreline close to the proposed LOF, including mangrove and seagrass Critical Habitats. (Source: LESC Site Visit)

EACOP has acknowledged that cumulative impact assessment of the marine environment is required, particularly given the development that has commenced at the Port of Tanga. A Cumulative Impact Assessment for the seascape has commenced, including gathering data on third-party projects and activities.

A marine contractor with extensive international experience has been selected for the LOF construction, the preparation of the CIPP has commenced and EACOP has recruited an experienced marine biodiversity coordinator. Reinstatement and restoration will be the responsibility of EACOP but there will also be requirements of the marine contractor related to minimising impacts on Critical Habitat, as identified within the BAP. An updated Reinstatement CCP and the subsequent CCIP will specify these requirements. The marine contractor is also responsible for the preparation of a marine environmental sensitivities report, which will include no-go areas and other restrictions that the contractor will adhere to.

The marine CHIMA defined offsetting principles that align with PS6. Offsetting options have been updated and refined based on surveys and engagement in the marine BAP and BOS. There are a range of marine offsetting programs that will commence in 2023 and funding has been committed. EACOP has undertaken widespread engagement on the offsetting options with government, local stakeholders, and NGOs. The marine BOMP is required to provide further detail on offsetting and to demonstrate NG in the marine environment and thus compliance with PS6.



Figure 18: Reef balls photographed at Boma Subutuni near the proposed LOF location are used for reef restoration that EACOP will support as part of offsetting program (Source: LESC Site Visit)

The AFs, Tilenga and Kingfisher Projects, have detailed ESIA's, with mitigation measures relating to both biodiversity and ecosystem services feeding into management plans.

The Tilenga project will require permanent production well pads and access tracks within an IUCN Management Category II protected area and there will also be a temporary construction footprint within an internationally recognized Ramsar site. TEPU has taken reasonable steps to manage those impacts. Nevertheless, there will be significant residual impacts which will be targeted through the NNL / NG program and their effectiveness reviewed as part of future compliance monitoring reviews of EACOP's AFs. Lenders are aware there is the potential for both actual and perceived significant impacts to biodiversity if mitigation measures are not carefully planned and managed. Activists have been targeting Lender institutions highlighting perceived/potential impacts to wildlife, and reputational risks will depend not only on the effective management of impacts, but also on successful engagement and transparency, all of which the Tilenga Project has committed to.

Kingfisher's process to achieve compliance with PS6 requirements is behind their previously predicted schedule and the status update information provided does not fulfil the deliverables required to address PS6-compliance gaps. CNOOC's predicted target date to close compliance gaps is before financial close, but in LESC opinion this timeframe may not be sufficient. The LESC strongly recommend EACOP make every effort to work with the Kingfisher personnel to bring the performance of the Facility into a position of compliance with PS6 requirements.

The EACOP ESIA's presented impacts and dependencies on ecosystem services, many of which may still be valid, but a systematic review and prioritization of ecosystem services in alignment with PS6 has not yet been demonstrated; this work is scheduled to commence in Q1 2023. This should also be cognizant of PIIM impacts and mitigation measures.

Overall, EACOP and its AFs will have potentially significant direct and indirect impacts on biodiversity and ecosystem services across the wider landscape (which has already suffered from widespread land use change from increasing human pressures), including from in-migration, increased natural resource extraction, and enhanced access via construction tracks and permanent roads. As offset programs and additional conservation activities are further considered

and planned, there needs to be urgency in any actions intended to retain the ecological and ecosystem service value that currently remains across the landscape. Programs to sustainably restore lost biodiversity and ecosystem service values will need long-term commitment, cross-sector collaboration, and buy-in from both government and conservation stakeholders.

4.7 PS7 – Indigenous Peoples

In Uganda, the EACOP Project does not traverse any lands traditionally owned by, or under the customary use of, any ethnic groups that meet international definitions for Indigenous Peoples and therefore IFC PS7 is not triggered.

In Tanzania, the Project has identified four indigenous groups meeting the criteria for Indigenous People as established by the African Commission and IFC PS 7, the Akie, Taturu, Barabaig and Maasai, whose ancestral land, or historical land, territories and resources are traversed by the EACOP pipeline. For these EACOP has, in consultation with the traditional leaders of the four indigenous groups, the local NGOs concerned with indigenous people's rights, and the Government of Tanzania, elected to use the phrase "Vulnerable Ethnic Groups self-identifying as Indigenous Peoples" (VEGSIAPs) to refer to "Indigenous People" as defined by IFC PS7.

Overall, EACOP has made excellent progress towards meeting lenders' requirements related to PS7 and the LESC is of the opinion that the substantive conditions for land access to commence have now been achieved. Since 2019 EACOP has facilitated ongoing consultation and engagement with VEGSIAPs, has engaged a Tanzanian indigenous peoples' specialist to undertake more culturally specific engagements and facilitate the discussion and negotiation of key agreements, provided support to VEGSIAPs through NGOs trusted by the traditional leaders and communities including the Pastoralist Indigenous Non-Governmental Forum (PINGOs Forum), Parakuiyo Pastoralists Indigenous Community Development Organization (PAICODEO) and Ujaama Community Resources Team (UCRT). Re-routing of the pipeline alignment has also occurred in specific locations to avoid certain sites and landscape features that VEGSIAPs identified as having cultural or spiritual significance.

In terms of Free Prior and Informed Consent (FPIC), based on recommendations from the ethnographic study, the Sliding Scale Approach (SSA) introduced by the Inter-American Court of Human Rights and endorsed by the UN Human Rights Committee and the Committee on Economic, Social and Cultural Rights was adopted. Full FPIC was achieved with the Akie hunter-gatherers because the pipeline will have negative impacts on their ancestral land, baobab trees and other sites of high spiritual significance to the whole Akie community and Informed Consultation and Participation (ICP) is ongoing with the Barabaig, Taturu and Maasai to ensure the pastoralist groups will be able to continue their livelihoods by restoring the pipeline ROW to grassland after construction.

Overall, the LESC is of the opinion that the substantive conditions for land access to commence under IFC PS 7 have now been achieved. Through the EACOP Plan for Vulnerable Ethnic Groups self-identifying as Indigenous Peoples, EACOP has committed to ongoing quarterly engagements with traditional leaders of the Akie, Taturu, Barabaig and Maasai (including female leaders and influential women) and with community members including women, youth, and elders.

4.8 PS8 – Cultural Heritage

For PS8, the LESC considers that EACOP is following the process to meet lenders' requirements. Due to the overall length of the pipeline and the number of AGIs, the Project potentially has a significant risk of impacting and/or interfering with cultural heritage elements, both of tangible and

intangible nature and extensive and comprehensive effort has been placed for the identification of cultural heritage potentially impacted by the Project. The final proposed route and AGI locations have been selected to strike the optimum balance between the relevant socioeconomic, environmental, and technical factors including impacts on sites of cultural heritage and religious value. No known nationally or internationally designated sites or Critical Cultural Heritage or sites that meet IFC criteria as non-replicable have been identified within the study areas of the Project.

Field surveys for the identification of elements of cultural heritage along the entire pipeline route have been performed both during the ESIA and RAPs preparation. As indicated in the EACOP Cultural Heritage Management Plan, the contractor(s) will be subject to pre-construction requirements that will include additional pre-construction surveys to close any gaps in the geographical coverage. EACOP will be responsible for performing a watching brief of all Project construction sites, using qualified cultural heritage monitors. EACOP, Tilenga and Kingfisher have all adopted a Chance Find Procedure, with indications of actions to be followed in case unknown cultural heritage is encountered during any construction activity.

To date, in Tanzania pre-construction surveys of MCPYs and Very High Importance cultural heritage sites have been completed by EACOP and Senior Cultural Heritage Monitors and Cultural Heritage Monitors have been contracted to support EACOP on cultural heritage management activities, as foreseen in the Social Management Plan and in the Cultural Heritage Management Plan. In Uganda no activities on the ground have been performed to date, therefore pre-construction surveys have not been performed and the selection of the Senior Cultural Heritage Monitor is ongoing.

4.9 Human Rights

Through EACOP's Human Rights Policy, EACOP commits to respect human rights and applicable laws and to follow the UN Guiding Principles on Business and Human Rights, the United Nations Global Compact Principles, Guidelines for Multinational Enterprises and the fundamental conventions of the International Labor Organization and the Principles on Security and Human Rights. These commitments have been cascaded through EACOP's DMPs, CCPs and procurement procedures with clear human rights expectations, monitoring and reporting requirements defined for the Project's contractors and suppliers.

There have been other initiatives by EACOP to integrate human rights into its activities, including the mentioning of commitments to respect international human rights are contained in the Inter Government Agreement (IGA) and Host Government Agreements (HGAs) signed by the Governments of Uganda and Tanzania and EACOP, the Human Rights Due Diligence Report (December 2022) and the completion of a VPHSR Risk Assessment (draft sighted by the LESC, November 2022).

Overall, EACOP has made good progress in undertaking Human Rights Due Diligence reviews, developing a Human Rights Policy for integrating human rights expectations within its ESMS, and defining ongoing human rights monitoring and reporting commitments. EACOP is moving towards what the UN Guiding Principles on Business and Human Rights refer to as the "integration and action phase" of human rights due diligence. Training to EACOP staff and contractors on the Human Rights Policy is ongoing. A Human Rights Action Plan has been completed and included in the Human Rights Due Diligence Report. The Tilenga and Kingfisher projects have developed human rights organizations and systems. The Tilenga Project undertook a stand-alone "Tilenga Human Rights Impact Assessment" and a "Tilenga Human Rights Impact Assessment on Government and Private Security Forces" using the methodology for a VPSHR Risk Assessment.

This informed an MOU between Tilenga and the Government Security Forces that is in the process of being executed.

The Kingfisher Project is in the process of negotiating an MOU with the Uganda government security forces pertaining to their day-to-day security operations on the Buhuka flats. LESC due diligence inquiries with respect to the Kingfisher project's community security management arrangements are continuing.

4.10 Gender

EACOP has sought to achieve gender balance in its ESIA baseline studies, analysis of impacts, stakeholder engagement, resettlement planning and implementation. ESIA baseline studies included key informant interviews and focus group discussions with individuals and groups of women including widows, single mothers, women household heads, women engaged in business and agriculture and women from vulnerable ethnic groups. In engagement with households, particular attention has been paid to ensuring the participation of both male and female household members. Data and findings have been disaggregated to differentiate the views of women and men.

EACOP's stakeholder engagement teams, land teams and community liaison teams include male and female officers to ensure that robust and focused engagement of women takes place. The Stakeholder Engagement Plan requires focus group discussions specifically with women and meetings for women only.

Particular attention has been paid to safeguarding women's rights by ensuring their presence and involvement at key steps of the land acquisition and resettlement process and this has been done by applying several mechanisms / programs including involvement and engagement with both spouses in the socio-economic surveys with households, in the land and asset surveys, in the selection of compensation packages (e.g., replacement housing verses cash compensation), and including factors related to gender and women's rights, for example gender-based violence (GBV) risks in the vulnerability criteria selection process.

Both Uganda and Tanzania are undertaking Gender and Inclusion Impact Assessments with a view to preparing Gender and Inclusion Actions Plans to be completed in Q1 2023.

Overall, the LESC's considers that in its activities so far EACOP's attention to achieving gender balance and equality of opportunity is consistent with, or exceeding, good international practice.

5.0 ENVIRONMENTAL AND SOCIAL ACTION PLAN

Since the Initial ESDD report delivered in June 2021, the LESC has developed an ESAP that tracks all gaps identified since the early stages of the due diligence process and includes recommendations in the form of actions, responsible party, proposed implementation deadline and an action priority.

Implementation milestones (such as "prior to financial close" or "before the award of contracts" or "prior to the onset of construction") are proposed by the LESC and will have to be agreed with EACOP and the Lender Group based on the financial road map for the Project and confirmed / modified approaching Financial Close.

A priority level (**High** / **Medium**) is also presented to indicate, among the actions to be resolved before a certain deadline, which actions should be resolved first; priority is broadly related to the

inherent potential HSE and social-related risks associated with the issues or gaps that the action intends to address.

The ESAP table is a living document that tracks all aspects of Environmental, Social, Health and Safety (ESHS) compliance against IFC PSs and it is periodically updated hand in hand with project advancement. Accordingly, since the original version included in the Initial ESDD report (June 2021), the last columns to the right of the table have been added to report EACOP progresses in addressing ESAP actions (Ongoing / Closed) with respect to the situation described in the subsequent ESDD reports. If new gaps are identified since the previous ESDD reports, new ESAP items are included.

An extract of the latest ESAP Table included in the second progress ESDD report delivered by the LESC (November 2022) is provided below as an example.

ESAP Item ID	ESHS Issue	Required Action	Responsible party	Implementation Deadline	Priority and Progress Indicator(s)	Current Progress	Comment on Current Progress
IFC PS1 – Assessment and Management of Environmental and Social Risks and Impacts							
PS1.4	EACOP Ltd has identified opportunities to reduce the overall carbon footprint including the use of solar power and connection to the Tanzanian National Grid. These alternatives are just to be formally assessed and presented.	EACOP Ltd to provide a detailed alternatives analysis update on the energy generation/supply for the Project, taking account of environmental emissions, technical feasibility, GIIP, BAT, and CAPEX.	EACOP Ltd	Before Financial Close.	HIGH Supplementary alternatives analysis for energy production.	Closed	EACOP Ltd initially progressed this action with the solar PV feasibility study to attain 30% CO2 reduction in Q1 2022. The Feasibility study was then reviewed by the BAT consultant for any information gaps before starting their study. The BAT study was then delivered in October 2022. The recommendation is to provide a grid connection to the Tanzanian electrical system in conjunction with solar power and battery storage facilities. Conventional gensets would also be provided as a back-up in the event of significant outage/disruption to the grid supply.
PS1.5	The anticipated HSE organization at the launch of construction, as set out in the HSE Organizational Charter, is considered by the LESC to have insufficient staff to cover the anticipated environmental and social monitoring workload post commissioning.	EACOP Ltd to provide an updated HSE organizational structure.	EACOP Ltd	Before Financial Close.	MEDIUM Detailed justification for HSE division size and structure including individuals likely geographical rems.	Closed	Clarity has been provided on the organizational structure for construction and operations, that have in the meantime been fully conceptualized with positions to be filled defined. The action is considered still open as staffing and recruiting is not yet complete (see PS1.6 below).
PS1.6	Staffing to fill the positions of the HSE organization.	EACOP Ltd to provide evidence of adequate staffing to reflect the positions identified in the HSE organization in line with Project schedule.	EACOP Ltd	Before main construction start and as it progresses across	HIGH Evidence of hires to reflect the positions	Ongoing	HSE team recruiting is progressing with programme to fill the remaining lower positions at the start of November and December 2022. This action is considered to being

6.0 CONCLUSIONS

Since the early stages of the ESDD process that commenced in Q1 2021, EACOP has made significant progress and has been steadily working on various ESHS aspects. As a result, there has been positive progression across all the ESHS areas reviewed leading to the resolution of several of the initial gaps. A number of documents/studies that were draft or planned at the onset of the due diligence have now been completed or are due in Q4 2022 / Q1 2023. Although some additional studies have yet to be completed, the LESC anticipates that EACOP is on track to meet Lenders’ requirements and likely to have addressed the majority of items required to be closed before Financial Close. There are some aspects that would require further monitoring and have been marked as “priority” high and “status” ongoing in the latest ESAP included in the Second Progress ESDD report dated December 2022.

Overall, with respect to each IFC PS, EACOP situation is as follows:

- IFC PS1 - EACOP has significantly progressed since the initial stages of the ESDD process and has now in place an EIMS aligned with the IFC requirements. The completion of staffing to fill the HSE organization is still ongoing as expected at this stage of the Project when the main construction has yet to start. A Tripartite Memorandum of Understanding for cooperation is being finalised¹³ between EACOP, Tilenga, and Kingfisher aiming to support conformance with IFC PSs. Stakeholder engagement and grievance management aligned

¹³ The Tripartite Agreement is expected to be finalised in Q1 2023.

with the requirements of the IFC PSs are in place in both EACOP Uganda and EACOP Tanzania.

- IFC PS2 - EACOP is following the process to meet Lenders' requirements. A Worker Grievance Mechanism (Tanzania and Uganda) aligned with IFC PS2 requirements and the United Nations Guiding Principles on Business and Human Rights has been developed. With the imminent mobilisation of the main construction contractors, the development of a construction phase Industrial Relations Management System to consistently manage industrial relations across the countries, lots, spreads, and camps needs to be put in fast track, so EACOP has engaged an industrial relations specialist to help the Project develop an industrial relations strategy and constituent policies and management plans to cover IFC PS2 matters. This includes defining an industrial relations policy and contractor industrial relations requirements, camp standards and management guidelines, labor and working conditions, and measures for assessing and building contractor capacity for industrial relations management as well as an industrial relations monitoring plan.
- IFC PS3 - EACOP is on track to meet lenders' requirements. Some deliverables are still to be completed to achieve full compliance with PS3, mainly related to stewardship and oversights of main construction contractors that will have to be in place before the main construction activities commence. An estimate of GHG emissions during the life of the project has been developed which includes the outcomes of EACOP work to optimise operational equipment and power sources that will reduce GHG emissions from the original design by up to 60%. A Climate Change Risk Assessment (CCRA) aligned to EP4 requirements has been developed in 2022 to study physical and transition risks.
- IFC PS4 - overall, the LESC considers that EACOP has made good progress in preparing documents that meet Lenders' requirements in the areas of community health, safety, security and PIIM management. Attention needs now to be paid to the information disclosure phase with PACs and local government to help them respond effectively to emergency situations associated with the Project to accord with PS4.
- IFC PS5 - the Project has developed robust RAPs for Uganda and Tanzania aligned with the requirements of IFC PS5. The resettlement documents provide a clear picture of the policy and legislative framework, socio-economic context, nature and magnitude of displacement impacts, measures taken to avoid and minimize displacement, compensation and mitigation measures and implementing arrangements. Assessments of vulnerability have been undertaken and appropriate vulnerable assistance proposed. Budgets and detailed schedules are presented, and valuation rates have been adjusted to reflect the time that has elapsed since land and asset valuation surveys were completed in both countries. Actions still needed are the finalization of a final Supplemental RAP/LRP to cover the MST and marine works at Chongoleani, work which is well advanced and evidence that Kingfisher and Tilenga are undertaking regular 6-monthly independent reviews of their resettlement programs.
- IFC PS6 - EACOP and their technical specialists have made significant efforts to better understand Natural and Critical Habitats in the area of influence. Development of the BAPs over recent months has allowed an initial quantification of likely impacts, proposed approaches to compensate for residual impacts, and informed engineering discussions on the finalization of pipeline routing. EACOP continues to follow the process to meet Lender's requirements for biodiversity impact management. Full compliance with PS6 will require the

development/completion of a number of deliverables, including: the development of a monitoring and evaluation program; updates for the Biodiversity Management Plans and Biodiversity-CCP to reflect the updated additional mitigation measures from the more recent habitat mapping; a marine Cumulative Impact Assessment; the development of appropriate, costed Biodiversity Offset Management Plans; and opinion from ARRC on the Project's impact mitigation approach for chimpanzees. These deliverables are all underway, and when lender requirements are met should allow the Project to be in a PS6-compliant position by mid-2023 (according to current timelines).

- IFC PS7 - the LESC is of the opinion that the substantive conditions for land access to commence under IFC PS7 have now been achieved. Through the EACOP Plan for Vulnerable Ethnic Groups self-identifying as Indigenous Peoples, EACOP has committed to ongoing quarterly engagements with traditional leaders of the Akie, Taturu, Barabaig and Maasai (including female leaders and influential women) and with community members including women, youth, and elders.
- IFC PS8 - the LESC considers that EACOP is following the process to meet lenders' requirements with some minor action needed to align the terminology within the Uganda and Tilenga documents. Chance Find Procedures are in place for EACOP, Tilenga and Kingfisher should unknown cultural heritages are encountered during any construction activity.
- With respect to human rights, EACOP has made good progress in undertaking Human Rights Due Diligence reviews, developing a Human Rights Policy for integrating human rights expectations within its ESMS, and defining ongoing human rights monitoring and reporting commitments. A Human Rights Action Plan has been completed and included in the Human Rights Due Diligence Report.
- With regard to gender, the LESC's considers that in its activities so far EACOP's attention to achieving gender balance and equality of opportunity is consistent with, or exceeding, good international practice.

Although not yet in a position of full compliance, to date the LESC have seen no reason why the Project will not reach a PS compliant position, and we anticipate this could be by mid-next year.

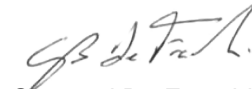
The next step will be for EACOP to complete the outstanding documents (or actions) and for the LESC to review and confirm that these fit Lenders' requirements. The LESC will then update the ESAP table before Financial Close. Any remaining items that are not completed by Financial Close and that are not considered as pre-conditions to finance by the Lenders, will be captured in a final ESAP and their implementation will be monitored during the Project construction phase.

Signature Page

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